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RUEHBY/AMEMBASSY CANBERRA PRIORITY 0374  
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C O N F I D E N T I A L SECTION 01 OF 04 KATHMANDU 000761

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TAGS: [PREL](#) [PGOV](#) [PTER](#) [PHUM](#) [PREF](#) [MASS](#) [ETRD](#) [IN](#) [BT](#) [NP](#)  
SUBJECT: PRIME MINISTER SAYS ELECTION DELAY LIKELY,  
REAFFIRMS REFUGEE RESETTLEMENT

REF: NEW DELHI 1622

Classified By: Ambassador James F. Moriarty for reasons 1.4(b/d).

Summary

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11. (C) Prime Minister Koirala told the Ambassador April 13 that an election delay was likely. The Ambassador acknowledged that free and fair elections now would be difficult, noting that security in the country remained poor and marginalized ethnic groups continued to feel excluded from the political process. The PM believed that the Nepal Police were not effectively enforcing the law because they were ill-equipped. He had asked India to provide them with 10,000 weapons. Koirala also hoped the U.S. might provide rifles to Nepali peacekeepers in Haiti to allow an equivalent transfer of guns from the army to the police. The Ambassador opined that the police suffered less from poor equipment and more from a lack of confidence in their leadership. Moreover, importing weapons would violate the Comprehensive Peace Agreement. The PM said he had approved the King's New Year speech, which the Ambassador feared the Maoists would use as an excuse to take to the streets, oust the King, and gut the Nepal Army. Although Koirala stressed he would continue to seek repatriation of the Bhutanese refugees to Bhutan, he agreed that resettlement could proceed simultaneously. The Ambassador noted that U.S. buyers of Nepali carpets were pulling out of Nepal due to Maoist interference in the carpet industry.

Election Delay Likely

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12. (C) Prime Minister Girija Prasad Koirala told the Ambassador April 13 that the Chief Election Commissioner had sent him a letter stating that a Constituent Assembly election in June would not be possible. (Note: Before the PM entered the room, his foreign policy advisor Dr. Suresh Chalise said that an election delay was likely. End Note.) The Ambassador asked whether elections might occur before the

Dasain festival. The PM worried that the monsoon rains would make communication and campaigning difficult. The Ambassador pointed out that Dasain this year would occur later than usual -- in mid-October (roughly 4-5 weeks after the end of the monsoon) -- and suggested that a long election delay could derail the peace process. The PM acknowledged that he was also concerned about a long delay and claimed that he was the only leader who really wanted elections to happen soon -- in his case, because of his fragile health. Chalise stated that not only the Election Commission (EC), but also the UN, believed an election delay was necessary. Both the EC and UN had cited technical and security obstacles to a free and fair election, Chalise added.

#### Security Remains Poor

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13. (C) The Ambassador acknowledged that free and fair elections now would be difficult since security in the countryside remained poor and marginalized ethnic groups continued to feel excluded from the political process. A U.S. NGO (National Democratic Institute) had recently concluded that political party activists could not work freely in 80 percent of Nepal's districts, due to both Maoist threats and instability in the Terai. Moreover, the Maoists had not turned in additional weapons since joining the Interim Government, the Ambassador added. The PM said that, during his trip to Pokhara April 9, he had also heard that political party workers were unable to campaign and work freely. Chalise noted that the Home Minister had issued a deadline for Maoists to turn in their weapons to the UN and now it was up to the local and district administrators to

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enforce the law. The Ambassador worried that, because the Nepal Police did not trust the Home Minister to back them up against the Maoists, the police would be unwilling to seize Maoist arms and make arrests. Koirala said that he had told Maoist Chairman Prachanda that unregistered Maoist arms needed to be submitted to the UN; if the police raided Maoist houses and seized weapons, the Maoists would be in a difficult position.

#### Need To Equip Nepal Police

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14. (C) The Prime Minister believed that one reason the Nepal Police were not effectively enforcing the law was because they lacked sufficient weapons. The PM stated that he had discussed this with Assistant Secretary Richard Boucher in New Delhi, who he said had agreed to take the request back to Washington (reftel). The PM said he might ask the Nepal Army (NA) to transfer weapons to the police if the U.S. could re-supply the NA with weapons by delivering the weapons to Nepali peacekeepers in Haiti. Chalise added that it would be easier to deploy the Nepal Police than the NA. The Ambassador noted that, even if that were possible, the weapons would need ammunition, which would require overflight clearance from the Government of India (GOI). Moreover, the Comprehensive Peace Agreement specifically prohibited either party from importing arms or ammunition. The PM said he had asked the Indians to provide 10,000 weapons to the Nepal Police for the maintenance of law and order. But, he complained, "I don't know what the Government of India wants or does not want these days. Sometimes it's like I'm dealing with two different (Indian) governments."

#### Police Lack Leadership Most, Ambassador Says

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15. (C) The Ambassador opined that the Nepal Police suffered less from poor equipment and more from lack of confidence in their leadership. He did not accept the hypothesis that the police, particularly the Armed Police Force, were outarmed by the Maoists. The Ambassador noted, in particular, that the retention of Home Minister Krishna Prasad Sitaula in the

Interim Government had reinforced the police perception that the government would not back them up if they took any concrete action against the Maoists. He added that keeping Sitaula as Home Minister had also insulted the Madhesis and led them to believe that the government cared more for the Maoists than for them. The Maoist who had shot and killed the Madhesi youth Ramesh Mahato in Lahan in January (which had sparked massive unrest in the Terai) and the Maoists who had kidnapped and beaten Woodlands Hotel owner Hari Lal Shrestha in March remained at large even though the Maoists themselves had admitted they had committed these crimes. If even those Maoists were not held to account, how could the police have confidence in enforcing law and order, the Ambassador concluded.

#### PM Has Cleared King's New Year Speech

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16. (C) The Ambassador noted that the second package of amendments to the Interim Constitution, if passed, would provide the Maoists with the means to remove the King even before a Constituent Assembly election. He warned that the Maoists might then push for "reform" of the NA and, in the process, would seek to control the army. The Ambassador said he hoped that the PM had urged the King not to deliver a public speech on the occasion of the Nepali New Year ending April 13. The PM replied sharply that he had cleared the language of the King's speech and that he did not anticipate the King's remarks would cause a problem. The Ambassador suggested that the Maoists would use any speech, no matter what its content, to criticize the King and take to the

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streets. The PM remarked, "Our army is with us and we can use them. We have told the Maoists that once they declare a republic, the King would have to be brought to the Parliament building. Who will bring him? The Maoists? The Royal Army?"

#### Green Light for Bhutanese Refugee Resettlement

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17. (SBU) The Prime Minister asked how many Bhutanese refugees might be included in a third-country resettlement program. The Ambassador said that the U.S. had offered to accept 60,000, Canada and Australia had indicated perhaps 5,000 each and other, European countries might each accept a few hundred each. The PM (in Nepali) commented that refugees should first be repatriated to Bhutan. The Ambassador asked whether Nepal would insist that repatriation occur before resettlement began. Chalise said he would discuss it with the Foreign Ministry and provide a response within a week. The Ambassador responded firmly that Koirala had given a clear go ahead on more than one occasion and, on that basis, the U.S. had made serious resource commitments. After a brief one-on-one between Chalise and the PM, Chalise said, "yes, you can proceed." Chalise told the Prime Minister (in Nepali) that the government could continue to push Bhutan to repatriate the residual refugee population which did not elect for resettlement.

#### Nepal's Carpet Industry To Take a Dive

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18. (C) The Ambassador provided the PM with a letter that detailed the problems U.S. rug importers had experienced recently at the hands of the Maoists and urged the GON to take action. He noted that a leading U.S. importer of Nepali rugs had recently expressed worries that Maoist extortion and the forced hiring of unqualified Maoist laborers were crippling the industry. Both the quality and timeliness of the finished product had dropped dramatically in recent months. Her buyers were losing interest and, therefore, she was considering pulling out of Nepal completely. The Ambassador warned that the carpet industry, which employed 50,000 people in Kathmandu Valley, would die within one year

if nothing were done to address Maoist interference. The PM did not respond, but nodded his head in acknowledgment.

Comment: Plan Not Apparent  
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¶9. (C) The Prime Minister appears ready to announce a delay in the Constituent Assembly election. While we don't believe the PM is interested in a long election delay, he seems to have given little consideration to an alternate timeframe. We also do not believe that giving more weapons to the police will ensure effective law enforcement. As long as Home Minister Sitaula leaves known Maoist criminals to roam the streets, there will be little hope for law and order. Unlike Koirala, we worry that the Maoists will use any speech by the King, no matter how benign, to create chaos and confusion in the capital. Any move to oust the King and "reform" the Nepal Army would likely be a precursor to an outright takeover attempt by the Maoists.

Comment: Bhutanese Refugees  
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¶10. C) The Prime Minister remains interested in pushing Bhutan to repatriate a number of refugees, but seems to understand that he cannot resist pressure from the international community to move now on resettlement. The Core Group members in Kathmandu plan to follow up with a joint meeting with the Home and Foreign Ministers, which Chalise has also agreed to attend, to discuss the way forward.

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